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Addendum

MAIN PROGRAMME RECORD

UNDP IN LATIN AMERICA AND THE CARIBBEAN

SUMMARY

The present document provides summary highlights of UNDP work in the Latin America and the Caribbean region in 1997 and of future challenges that UNDP would like to bring to the attention of the Executive Board. The report builds on and complements the introduction of the annual report of the Administration for 1997 (DP/1998/17) and the other addenda, particularly addenda 2 and 3.

* The main programme record for 1997 consists of five parts: Part I - UNDP in Africa; Part II - UNDP in the Arab States; Part III - UNDP in Asia and the Pacific; Part IV - UNDP in Europe and the Commonwealth of Independent States; and Part V - UNDP in Latin America and the Caribbean.

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I. INTRODUCTION

1. A dialogue on development in Latin America and the Caribbean must consider the region's heterogeneity and its contrasts. High- and middle-income countries coexist with small economies, including small island economies. Countries with long-standing democracies coexist with fledging democracies established after long periods of wars, civil strife and political instability. In some of these, the strengthening of democratic institutions and processes takes place within a framework of national consensus-building and consolidation of peace (e.g., El Salvador, Guatemala, Haiti, Nicaragua).

2. With respect to economic development, many countries achieved stability during the 1990s. Levels of inflation were reduced drastically through the application of economic adjustment programmes. While this benefited the poor in the short run, the gains were often outweighed by the effects of reduced government spending on social programmes, with the greatest impact on the poorest sectors of society. The economic growth experienced by some countries was followed by years of depression and volatile financial systems, revealing the weaknesses of macroeconomic policies and resulting in increased levels of unemployment. Countries encountered difficulties in their efforts to penetrate the global economy while simultaneously promoting production and employment at home.

3. Two salient development issues are (a) the aggravation of long-standing social inequities, and (b) the continued weaknesses of democratic systems of governance. Countries in Latin America and the Caribbean have "dualistic economies", with the existence of great disparities between rich and poor, urban and rural areas, and central and peripheral geographic zones. The negative aspects of social exclusion particularly affect women and indigenous peoples. During the 1980s, the region experienced its longest period of elected Governments and constitutional processes, reduced military spending, and the acceptance by the armed forces of civilian governmental authority. However, the democracies established at that time still have serious institutional weaknesses, particularly in the judiciary and public security systems. Corruption continues to be prevalent, and the culture of democracy and participation of civil society in decision-making processes needs to be expanded and consolidated.

4. Finally, much work remains to be done to promote the sustainable use of natural resources. Public awareness about environmental issues has been raised, but there is still much work to be done in the formulation and implementation of sound environmental and natural resources management policies.

II. HIGHLIGHTS OF 1997 ACHIEVEMENTS

5. UNDP development strategy in the region focuses on the regional priorities on which the organization can have most impact, given its comparative advantages, past experience and practices, and potential for forming partnerships in the region. Indeed, an important characteristic of UNDP cooperation in the region is the partnerships forged with a wide variety of

development actors and exercised extensively within national execution and government cost-sharing arrangements.

6. In the area of poverty eradication, UNDP has carried out applied research to establish a solid information base to contribute to the debate on the linkages between macroeconomic policies and poverty. The intention is to provide information to guide policy- and decision-making and is complemented by national projects specifically dealing with anti-poverty measures. An important development in national poverty programmes is the increasing number of partnerships with the private sector.

7. UNDP has also contributed to policy dialogue through the successful promotion of national human development reports (NHDRs). Their pervasiveness in the region is evidence of their popularity, with various countries publishing NHDRs regularly.

8. Contributing to democratic governance is another major priority. The governance strategy has concentrated on integrating four areas: (a) strengthening the rule of law and access to justice by the poor; (b) institutional development emphasizing wider participation of development actors; (c) the development of leadership, with particular attention to young political leaders and women; and (d) the enhancement of a democratic culture.

9. UNDP also continues to contribute to peace-building and peace-consolidation in countries in post-conflict situations. These activities build on the experience gained during the many years of participation in peace processes in the region, working as arbiter for consensus among former antagonists, including a wide spectrum of civil society organizations.

10. UNDP and the United Nations Environment Programme (UNEP), established a partnership in October 1997. A strategy will be prepared to consolidate "Tierramerica", currently a newspaper supplement, into a comprehensive communications platform, support Ministers of Environment in Latin America and the Caribbean, and carry out a subregional study on trade and environment. UNDP and UNEP also established a regional advisory service in Mexico.

11. At the request of the Heads of State at the Hemispheric Conference on Sustainable Development, held in Santa Cruz, Bolivia, in December 1996, UNDP is formulating a project for the establishment of a knowledge network for the Americas. A pilot phase is under implementation. This project aims at promoting the use of the new information technologies for the benefit of the development community through capacity-building, linkages to existing networks, and facilitation of the creation, publication and dissemination of information for the development of community decision-making processes.

12. UNDP played a lead role in assisting countries to fulfil their commitments under the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity, and in leveraging additional resources through the Global Environment Facility (GEF), with the aim of mitigating the problems of climate change and the loss of biodiversity at the national and regional levels.

13. Gender is a priority for Regional Bureau for Latin America and the Caribbean (RBLAC) programmes in general and in the regional programme in particular. In the area of gender, the regional programme focuses on three areas: (a) violence against women, (b) women and leadership and (c) gender-mainstreaming.

14. United Nations reform was advanced in the region in 1997 through the selection of the UNDP office in Guatemala as one of only two countries worldwide to pilot United Nations reform at the country level.

A. Poverty eradication

15. The regional Macroeconomic Policies and Poverty Programme, completed in 1997, resulted in important conclusions on the relationships between macroeconomic policies and poverty, and contributed significantly to the upstream dialogue on the impact of these policies on levels of poverty. UNDP cooperated with the Inter-American Development Bank (IDB) and the Economic Commission for Latin America and the Caribbean on this programme, with the participation of 15 countries in the region. National experts carried out country case studies using a common methodology for macroeconomic analysis based on social accounting matrixes and mainstream poverty decompositions to examine the different causal factors of poverty. Extensive statistical work was performed on available national accounts and household surveys in each of the countries for the period 1980-1996. In addition to the country case analyses, the programme produced three cross-country papers on poverty, macroeconomics and gender. In addition, a valuable network of specialists from across the region was established.

16. Among the most salient findings from the above-mentioned activities are: poverty reduction is correlated with (a) increases in gross domestic product (GDP) and GDP per capita; (b) increases in the minimum wage; (c) reductions in unemployment; (d) reductions in inflation. Increases in poverty are correlated with increases in Gini coefficients (which measure the degree of inequality in income distribution). There is a positive relationship between the incidence of poverty and the balance in the current account of the balance of payments. Changes in the incidence of poverty are associated positively with the difference between exports and imports. It is particularly interesting that in 70 per cent of the cases in which poverty decreases there are negative trade balances, indicating a possible poverty reduction effect of increases in imports. Gender is not a relevant explanatory variable of changes in relative poverty. Changes in the structure of education and location of the population are important components of poverty reduction. Improvements in education are a significant factor in poverty reduction. The movement of households from the rural sector, where poverty is high, to the urban sector, where it is lower, is likely to have a significant impact on total poverty. The results of this important study will be published in a book during the first half of 1998.

17. The focus for the Caribbean has been on promoting advocacy on poverty issues and the conduct of broad-based consultations at the national level. Consultations have been aimed at the identification of impoverished groups and their location, and the main poverty trends in each country. Poverty maps and

the elaboration and implementation of national poverty eradication programmes will emerge out of these exercises. Through projects at the national and regional levels, capacity-building efforts are also being put in place to support poverty measurement and the determination of poverty reduction strategies.

18. An interesting programme has been launched in Mexico to combat poverty through the generation of employment. In partnership with state governments and private sector, UNDP is supporting the development of micro and small businesses, the country's main sources of employment, through their integration into productive chains and local clusters. Achievements and expected results include:

(a) Establishment of a Productive Integration Unit in the Confederation of Industrial Chambers for the promotion of local industrial networking and clustering activities;

(b) Support to the Chamber of Electronic Industries of Jalisco and the State Government in establishing the Suppliers Development and Support Centre. The Centre will assist the association of local small- and medium-scale enterprises into productive chains and clusters, enabling them to produce some $1.2 billion worth of goods and services, which are currently being imported, within three years. Assistance has also been provided to the In-bond Manufacturers Association of the State of Chihuahua and the State Government to establish a suppliers and development support centre, to incorporate no less than 100 local small- and medium-scale enterprises into export-production chains in a three-year period. UNDP and the United Nations Industrial Development Organization are promoting 12 productive integration initiatives, requiring the incorporation of approximately 600 small- and medium-scale enterprises into production chains.

19. UNDP is also supporting employment generation through technical assistance in marketing, business administration and credit. In partnership with a network of local non-governmental organizations (NGOs), 62 productive initiatives have been implemented, including organic honey and organic gum production for export, managed tropical wood exploitation, organic agriculture, embroidered handicrafts, farm-produced prawns and ornamental fish. Approximately 30 per cent of these initiatives are being managed by women.

20. Since the launch of the first global Human Development Report in 1990, several countries in Latin America and the Caribbean have prepared their own national human development reports (NHDRs). To date, 15 countries have published NHDRs, and six new reports are due in 1998. Seven countries in the region (Argentina, Brazil, Colombia, Costa Rica, Guyana, Paraguay and Venezuela) have published two or more reports, in response to the positive impact of the publications in these countries as well as the reports' important contributions in advancing sustainable human development objectives, programmes and strategies. The first municipal human development report was also published in the region - Bolivia has produced three such reports for the cities of La Paz, Cochabamba and Santa Cruz.

21. In 1998/1999 RBLAC will launch three subregional reports for the Central America, Andean and Common Market of the Southern Cone (MERCOSUR) subregions. An overview of the state of education in Latin America and the Caribbean, entitled "Education: An Agenda for the XXI Century - In Search of Human Development", will be published in 1998.

B. Governance and support to countries in special development situations

22. Strengthening of the rule of law and judicial reform. In 1997, UNDP began to implement a Judicial Reform Programme, together with IDB and other donors. The programme will have far-reaching consequences on systems for the adjudication of justice. It will contribute to their modernization and legitimization through, among other things, promoting greater access to these systems for vulnerable groups. It will also establish the legal environment and security to stimulate national and international investments.

23. Specifically, the programme will: (a) provide legislators, civil society, international cooperation organizations with data on justice, penitentiary systems, and justice for minors and women, the absence of which has hampered policy formulation and decision-making in this area; (b) support the formulation and implementation of regional and national policies on justice, including consensus-building processes; (c) establish permanent links among national commissions for judicial reform at the regional and subregional levels to exchange experiences and lessons-learned; (d) promote coordination between UNDP and other United Nations agencies, development banks and major international cooperation donors. The programme applies research, with the participation of national experts and NGOs, and conducts in-depth sectoral studies (Venezuela); provides technical assistance for the application of new penal codes (El Salvador); organizes meetings among judicial authorities and seminars for professional training. A journal on judicial reform will begin publication in 1998.

24. Within the framework of the peace accords signed on 29 December 1996, the Government of Guatemala has established an Agenda for Peace, comprising four strategic areas: (a) reintegration of displaced persons and demobilization and reintegration of ex-combatants; (b) integrated human development; (c) sustainable productive development; and (d) strengthening and modernization of the democratic State. The United Nations system and all the major donors within the international community have adopted the peace accords as a common frame of reference for setting priorities for development assistance.

25. The main achievement in 1997 was the demobilization of almost 4,000 ex-combatants, constituting a successful example of coordination between the Government and the international community. UNDP cooperated with the Office of the United Nations High Commissioner for Refugees, the International Organization for Migration, and the World Food Programme in this effort and for the construction of eight camps for temporary settlement. The United Nations also facilitated orientation programmes for diagnosing the health conditions of and providing medical attention to Unidad Revolucionaria Nacional Guatemalteca ex-combatants during the demobilization phase. The United Nations system has

supported the resettlement of displaced people in the Departments of Alta Verapaz, Huehuetenango, San Marcos, El Peten, El Quiche and Suchitepequez. In 1997, the project focused on the construction of settlements, technical assistance to improve housing, and the formulation of project proposals for national funding sources to build and improve housing.

26. Another important activity was the dissemination of the Agreement on the Identity and Rights of Indigenous Peoples and technical, human and financial support provided to Mayan organizations. Support was also provided to the Government and the specific Commissions created to oversee the indigenous accord to increase the participation of indigenous peoples in the debates and proposals affecting their lives, such as education reform, the rights of indigenous women, popular participation, the preservation of sacred places, and land rights. Increased attention is now being given to the medium- and long-term productive activities needed to ensure the socio-economic reintegration of demobilized ex-combatants (both military and guerrilla), displaced and repatriated populations.

27. In an attempt to address Colombia's severe internal conflict situation, UNDP approved $1.1 million for three interrelated projects. The first project ($300,000) will address the problems faced by internally displaced persons who have been victims of political violence, human rights abuses and armed conflict. The second project ($340,000) focuses on peace and national reconciliation. The project will promote consensus-building by facilitating a dialogue among representatives of various sectors of society on the major problems Colombia faces. This initiative is particularly important in 1998, an election year. The third project ($500,000) will target the long-term problems resulting from 40 years of internal armed conflict by addressing democratic governance issues, consensus-building and national dialogue, and capacity-building for institutional reforms. This project will act as an umbrella for the three initiatives.

C. Gender equality and the advancement of women

28. In the area of gender, jointly with the United Nations Development Fund for Women (UNIFEM), UNDP began to coordinate a continent-wide inter-agency media and public education campaign on violence against women and girls in Latin America and the Caribbean. During the initial phase of the campaign, UNDP contributed $250,000, UNIFEM $305,000, the United Nations Population Fund $50,000, the United Nations Children's Fund $20,000, and the Joint United Nations Programme on HIV/AIDS $30,000. The campaign will draw on the network of representatives and staff members of each sponsoring agency as well as the United Nations Information Centres throughout the region for advocacy, capacity-building, and media communication, and work in partnership with a wide range of local and regional groups. Activities include high coverage and visibility events such as rock concerts with well known groups. The initiative is also an example of focused inter-agency cooperation.

D. Environmental protection

29. In the area of environment, UNDP assisted 23 countries in obtaining $5.56 million from the GEF to advance the fulfilment of their commitments under the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity. Out of 33 eligible countries in the region, 19 received funding for United Nations Framework Convention on Climate Change enabling activities. Of the remaining 14 countries, 4 proposals were under preparation, with assistance from GEF, and 8 were in the process of submitting requests. Similarly, 16 countries - including such countries with diverse environments as Brazil, Mexico and Venezuela - received funding for Convention on Biodiversity enabling activities. Full-scale projects in the areas of climate change and biodiversity were approved for a total value of $37 million from GEF and other donors. Projects were approved to: (a) conserve biodiversity through sustainable use in the coastal zone of Patagonia and the eastern wetlands of Uruguay; (b) establish a programme for the consolidation of the Mesoamerican Biological Corridor in Central America and Mexico; and (c) initiate rural electrification in remote areas of Bolivia, using wind and solar energy.

30. The programme for the consolidation of the Mesoamerican Biological Corridor will provide a strategic framework for ongoing and future investment, technical assistance and research aimed at the conservation and sustainable use of biological diversity in an area containing from 7 to 12 per cent of the world's biodiversity. It will consist of a network of protected areas and buffer zones, linked by biological corridors of a variety of uses and degrees of protection. The project will provide assistance that will contribute to the Governments and societies of Mesoamerican countries' capacities to jointly establish the Mesoamerican Biological Corridor as a system that integrates conservation and sustainable uses of biodiversity within the framework of economic development priorities.

31. RBLAC obtained $1.306 million from GEF to develop proposals aimed at: (a) protecting biodiversity in the Galapagos Islands; (b) developing renewable energy sources in Ecuador and Panama; (c) developing a long-term strategic action programme to eliminate pollution and conserve the biological resources of the Rio de la Plata; and (d) demonstrating the overall feasibility of hydrogen fuel cells in the mass transit system of São Paulo, Brazil. An estimated $50 million will be required for these programmes, half of which will be provided by the GEF, with the rest to be leveraged from bilateral donors and the private sector. The hydrogen fuel cell project will provide power to São Paulo's 20,000 buses and will draw long-term investments from both multilateral and private sector sources during the transfer and development of this state-of-the-art technology. While global climate change benefits will undoubtedly be significant, no less important will be the benefits to local air quality. As such, a similar proposal to assess feasibility of hydrogen fuel cells in mass transit systems is forthcoming from Mexico City authorities. A UNDP/UNEP partnership agreement was signed in October 1997 to prepare a strategy to consolidate "Tierramerica", provide support within the priority areas of Ministers of Environment in Latin America and the Caribbean, and carry out a subregional study on trade and environment. UNDP and UNEP also established a regional advisory facility in Mexico with country office support. The regional programme continued its support, jointly with the IDB and the Andean Development

Corporation (Corporación Andina de Fomento (CAF)), for the activities of the Commission on Development and Environment. Its report "Dawn in the Andes" was published.

32. At the request of the Heads of State who met at the Hemispheric Conference on Sustainable Development, held in Santa Cruz, Bolivia, in December 1996, UNDP is formulating a project to support the establishment of a Knowledge Network for the Americas. A pilot phase is already under implementation. The project aims to promote the use of the new information technologies for the benefit of the development community through capacity-building, linking existing networks, disseminating publications.

E. Management issues

33. Operationally, the work of UNDP in Latin America and the Caribbean is characterized by national execution. National execution is the preferred execution modality since it places ownership firmly with the programme country, and is designed to enhance capacity-building and sustainability of development efforts. Also, national execution arrangements in the region are associated with a large proportion of co-financing resources, mostly originating in government cost-sharing. Over 80 per cent of ongoing programmes are nationally executed.

34. Various reasons explain the growth of national execution and cost-sharing in the region. National execution provides a flexible framework for the establishment of partnerships among a variety of national and international development actors and sources of funds. It has been applied flexibly through its adaptation to specific national contexts and has addressed a spectrum of needs across the region. In cases of peace-building and national consensus-building, the neutrality of UNDP has been essential to its role as arbiter and facilitator among ex-combatants and opposing political forces. The transparency of UNDP operations was central to the growth of government cost-sharing, particularly that originating in loans from international financial institutions. UNDP was a valuable partner during government transitions and in support of nascent democracies with weak institutions.

35. Governments in the region have increasingly called on UNDP to provide implementation support services. UNDP country offices are ideal partners in this area, owing to their local presence, managerial capacity, efficiency, transparency, among other reasons. Services in support of implementation, e.g., financial management and reporting, assistance for the contracting of professionals and the procurement of equipment adds significant value to the execution process. UNDP responds quickly, flexibly and is transparent in its intentions and actions. These qualities have been key to the growth of the UNDP resource base and will continue to attract demand. Most important, the provision of support services contributes to capacity-building. The learning-by-doing approach integral to the partnership between the national executing agent and the country office has led in some countries to the assumption by the executing agent of all executing responsibilities. Indeed, this is the goal that is central to country office/national execution partnerships.

III. KEY CHALLENGES AND PLANS FOR 1998

36. In Latin America and the Caribbean, UNDP will concentrate on measures leading to the region's compliance with the new parameters that accompany the Executive Board's support for continued expansion of non-core resources and country office support to national execution, in line with decision 98/2. The Bureau will also continue to provide training in these areas to Governments and country offices from other regions, at their request.

37. Pending the establishment of Subregional Resource Facilities (SURFs) in the region, RBLAC will take measures to increase the availability of high-quality substantive services to programme countries. Among the activities envisaged are the establishment of a roster of consultants in UNDP-mandated areas of focus and country advisory teams. It is intended that these services will eventually be transferred to the SURFs upon their establishment in the region.

38. To promote efficiency within the context of UNDP 2001 and to provide responsive services to the country offices in the region, headquarters will consolidate the organization of the country teams and their functioning as one-stop shops. In addition, RBLAC will continue to contribute to the corporate effort to develop the tools required to perform holistic oversight, such as management and programme assessment indicators, and to ensure their implementation.

39. The efficiency of programme financial management will also be greatly increased and modernized through the implementation of new and enhanced releases of the Financial Information Management (FIM) system. This system is also being implemented in the Policy and Regional Programme Division in the Bureau at headquarters. The Bureau pioneered the development of the system and has played a central role in its development as a corporate system that is now being implemented globally. The Bureau will continue to support central units in corporate FIM development and global implementation through the FIM Development and Support Centre in Montevideo, Uruguay.